

**DOCKET FOR REGULAR COUNCIL MEETING OF
TUESDAY, JULY 17, 2001 AT 10:00 A.M.
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS - 12TH FLOOR
202 "C" STREET
SAN DIEGO, CA 92101
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NOTE: The public portion of the meeting will begin at 10:00 a.m. The City Council will meet in Closed Session this morning from 9:00 a.m. - 10:00 a.m. Copies of the Closed Session agenda are available in the Office of the City Clerk.

OTHER LEGISLATIVE MEETINGS

The **SAN DIEGO HOUSING AUTHORITY** is scheduled to meet today in the Council Chambers. A separate agenda is published for it, and is available in the Office of the City Clerk. For more information, please contact the Housing Authority Secretary at (619) 578-7583.

ITEM-300: ROLL CALL.

NON-AGENDA PUBLIC COMMENT

This portion of the agenda provides an opportunity for members of the public to address the Council on items of interest within the jurisdiction of the Council. (Comments relating to items on today's docket are to be taken at the time the item is heard.)

Time allotted to each speaker is determined by the Chair, however, comments are limited to no more than three (3) minutes **total per subject** regardless of the number of those wishing to speak. Submit requests to speak to the City Clerk **prior** to the start of the meeting. Pursuant to the Brown Act, no discussion or action, other than a referral, shall be taken by Council on any issue brought forth under "Non-Agenda Public Comment."

COUNCIL, CITY ATTORNEY, CITY MANAGER COMMENT

REQUEST FOR CONTINUANCE

The Council will now consider requests to continue specific items.

SPECIAL ORDER OF BUSINESS:

ITEM-310: Recognition and Presentation of Prosecutor of the Year 2000 Award.

CITY ATTORNEY'S RECOMMENDATION:

Adopt the following resolution:

(R-2002-30)

Recognizing and Presenting the Prosecutor of the Year 2000 Award.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:**

ITEM-330: Two actions related to Torrey Highlands - FY 2002 Public Facilities Financing Plan and Facilities Benefit Assessment (FBA).

(See City Manager Report CMR-01-108; Public Facilities Financing Plan and FBA, Fiscal Year 2002," May 2001 Draft. Torrey Highlands Community Area. District-1.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2002-7)

Approving the document entitled "Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment, FY 2002."

Subitem-B: (R-2002-8)

Resolution of Intention to designate an area of benefit in Torrey Highlands and setting the time and place for holding a public hearing thereon.

LAND USE AND HOUSING COMMITTEE'S RECOMMENDATION:

On 5/30/2001, LU&H voted 5-0 to approve the City Manager's recommendation. (Councilmembers Peters, Wear, Atkins, Stevens and Maienschein voted yea.)

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:**

ITEM-331: Two actions related to Carmel Valley - FY 2002 Public Facilities Financing Plan and Facilities Benefit Assessment (FBA).

(See City Manager Report CMR-01-122; Public Facilities Financing Plan and FBA, Fiscal Year 2002,"April 2001 Draft; May 17, 2001 Errata. Carmel Valley Community Area. District-1.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2002-3)

Approving the document entitled "Carmel Valley Public Facilities Financing Plan and Facilities Benefit Assessment, FY 2002."

Subitem-B: (R-2002-4)

Resolution of Intention to designate an area of benefit in Carmel Valley and setting the time and place for holding a public hearing thereon.

LAND USE AND HOUSING COMMITTEE'S RECOMMENDATION:

On 6/13/2001, LU&H voted 5-0 to approve the City Manager's recommendation. (Councilmembers Peters, Wear, Atkins, Stevens and Maienschein voted yea.)

ADOPTION AGENDA, HEARINGS

NOTICED HEARING:

ITEM-332: Naval Training Center.

Matter of approving, conditionally approving, modifying or denying the Naval Training Center (NTC) Precise Plan/Local Coastal Program Land Use Plan and Implementation Plan. On June 12, 2001, the California Coastal Commission certified the NTC Local Coastal Program consisting of the Land Use Plan and the Implementation Program, with suggested modifications, including but not limited to:

- Created Visitor and Community Emphasis Overlay
- Changed disposition and allowable use of Officers Quarters
- Incorporated view preservation standards
- Incorporated water quality standards

After the City Council's action, the Precise Plan/Local Coastal Program will be

returned to the California Coastal Commission for Executive Director Certification.

(99-1076. Peninsula Community Plan Area. District-2.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolutions in subitems A and B:

Subitem-A: (R-2002-59)

Adoption of a Resolution stating for the record that the information contained in final Mitigated Negative Declaration LDR-99-1076, certified by City Council Resolution R-293943, adopted on October 3, 2000, including any comments received during the public review process, has been reviewed and considered by the Council prior to approving the project; declaring that it is determined that no substantial changes or new information of substantial importance within the meaning of CEQA Guideline Section 15162 would warrant any additional environmental review in connection with the California Coastal Commission modifications to the Naval Training Center Precise Plan and Local Coastal Program.

Subitem-B: (R-2002-58)

Adoption of a Resolution accepting the California Coastal Commission modifications for certification of the Local Coastal Program amendments to the Progress Guide and General Plan, the Peninsula Community Plan, the Naval Training Center Precise Plan, and the Local Coastal Program.

OTHER RECOMMENDATIONS:

Planning Commission on September 28, 2000, voted 4-0 to approve with revisions and additional conditions; was opposition.

Ayes: Butler, Anderson, Brown, Stryker

Not present: Steele, Skorepa, White

The Peninsula Community Planning Board, on September 7, 2000, voted to recommend approval of the project subject to conditions.

The Historic Resources Board, on August 24, 2000, voted to recommend approval of the project subject to conditions. On June 22, 2000, the Historic Resources Board approved the NTC Guidelines for the Treatment of Historic Properties, and designated NTC as a historic landmark.

The NTC Implementation Advisory Committee, on September 20, 2000, voted to recommend approval of the project subject to conditions.

The North Bay Project Advisory Committee (PAC), on September 6, 2000, voted to recommend approval of the project subject to conditions. The list of conditions was not provided to the PAC nor to city staff.

CITY MANAGER SUPPORTING INFORMATION:

BACKGROUND

The approximately 360-acre Naval Training Center is located along Rosecrans Street between Lytton Avenue and North Harbor Drive, west of the San Diego International Airport (Lindbergh Field). In 1993, the Federal Base Closure and Realignment Commission recommended closure of NTC. The City of San Diego was designated the Local Redevelopment Authority responsible for the preparation of a reuse plan. On April 30, 1997, NTC ceased its military function and went into Navy "caretaker" status. On April 29, 1997, the City Council approved and adopted the NTC Redevelopment Project Area. After a multi-year public planning effort, the NTC Reuse Plan was completed and adopted by the City Council in October 1998. The Reuse Plan organizes future uses of the site into five categories: Residential, Educational, Historic Core/Mixed Use, Waterfront/Recreation, and Camp Nimitz. The Navy found the Reuse Plan adequate for transfer of ownership of the property to the City, and the majority of the site has been conveyed to the City. Only the boat channel (Parcels VII & II-B) and the property designated for park use (Parcel VI) remain in federal ownership. The park property is expected to be conveyed in the next month, and the boat channel in the spring 2002. In August 1998, the City issued a Request for Qualifications/Proposals for a master developer to implement the Reuse Plan. In June 1999, the Redevelopment Agency authorized the Executive Director to negotiate a Disposition and Development Agreement (DDA) with the McMillin Company. June 2000, the City Council and Redevelopment Agency approved the DDA with McMillin, establishing the financial terms and conditions under which McMillin would complete the redevelopment of NTC. In December 1999, the Planning Commission initiated the preparation of a Precise Plan and Local Coastal Program Land Use Plan for NTC. In September 2000, the Planning Commission voted 4-0 to recommend approval of the Precise Plan/LCP, zoning and affiliated development permits to the City Council. On October 3, 2000, the City Council approved the NTC Precise Plan and Local Coastal Program, an amendment to the Peninsula Community Plan and the Progress Guide and General Plan, the application of zoning to the site, a Vesting Tentative Map (VTM), and Planned Development permits (PDP) including Urban Design Guidelines and Historic Design Guidelines. These entitlements are not effective until certified by the California Coastal Commission.

The Precise Plan draws heavily from the NTC Reuse Plan adopted by the City Council in 1998. The land use plan remains the same in terms of number of units, acreage devoted to various uses, and the site layout. The Precise Plan provides additional landscape, urban design, transportation, and zoning information to further refine the Reuse Plan. The intent of the plan is to promote a pedestrian-oriented mixed-use development that preserves the historical integrity of NTC. On January 9, 2001, the Coastal Commission approved the demolition of approximately 2,083,260 square feet of existing buildings located outside the Historic District and the removal of

underground utilities. On March 16, 2001, the Coastal Commission approved the City's request to commence soil preparation and recompaction and the relocation of an existing storm drain.

DISCUSSION

Mixed Use Area

The Coastal Commission modified the permitted uses by imposing a Visitor and Community Emphasis Overlay (VCEO) within the Mixed Use Area. The VCEO use restrictions are defined in terms of types of uses which are considered likely to enhance the visitor and community-oriented nature of the Mixed Use Area. While the entire Mixed Use Area will be zoned CR (Commercial-Regional), some uses normally allowed within the CR Zone are specifically excluded from the VCEO. City and McMillin staff worked with Coastal Commission staff to develop the list.

Navy Building 623

According to the Precise Plan approved by the City Council, Navy Building 623 built in the 1990's, located within the Visitor Hotel Area, "can either function as a convention center for hotel meetings, operate independently for non-hotel activities and community events, or be used for activities as diverse as religious activities or commercial retail sales." The Coastal Commission's modification requires that Building 623 be made available, on a seasonal basis, for public use 50 percent of the time and for hotel/private use 50 percent of the time. City staff and McMillin will work together to develop a plan for implementing this requirement.

Officers' Quarters

In the Precise Plan approved by the City Council, the four historic officers' quarters located along Rosecrans Street, could be used as private homes or bed-and-breakfast establishments. Furthermore, the NTC Reuse Plan, the Economic Development Conveyance application to the Navy for transfer of the property to the City, and the Disposition and Development Agreement between the Redevelopment Agency and McMillin all assume these houses will be sold by McMillin as private residences. Potential proceeds from the sale of the houses are estimated to be \$3.2 million.

Pursuant to the Coastal Commission's modifications, at least one of the four historic houses will remain available for visitor serving public uses. One of the houses will be a public museum; the other three may be made available to the public for overnight accommodations as a bed-and-breakfast, for short term rentals, or leased for private residential use. Lease revenues will go to the NTC Civic, Arts and Culture Foundation to cover expenses incurred in maintenance and operation of the museum and houses and to also support and fund other programs or operating expenses of the Foundation, or to another non-profit foundation.

FISCAL IMPACT:

The Agency will be responsible only for City-imposed costs that exceed the requirements of the NTC Reuse Plan and the environmental documents prepared for the Reuse Plan, in accordance with provisions in the DDA. The fiscal impact of this provision is estimated at \$3.2 million in lost revenue from the sale of the houses and approximately \$30,000 in loss of annual property tax

revenue as a result of the houses remaining in public ownership. If no other costs or revenues change, this change would reduce the bottom-line profits available for distribution between the City and McMillin. McMillin has agreed to move forward with redevelopment of the property. Throughout the life of the redevelopment, City staff and McMillin will meet and confer to identify opportunities to offset the impacts within the terms of the DDA. Such opportunities include, but are not limited to exploring ways to reduce cost, increase revenues, or revisit this modification with the Coastal Commission in the future.

Loveland/Christiansen/ECK

LEGAL DESCRIPTION:

The project site is situated on the northern edge of San Diego Bay, just east of the Loma Portal neighborhood and west of Lindbergh Field, within the Peninsula Community Plan area and is more particularly described as parcels 1-7, 9-14, 18 & 19 of R.O.S. 16556.

ENVIRONMENTAL IMPACT:

NOTE: The City of San Diego as Lead Agency under CEQA has reviewed and considered a Mitigated Negative Declaration, LDR File No. 99-1076, dated September 14, 2000, covering this activity. Adopted October 3, 2000, by Resolution No. R-293943.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
ORDINANCE TO BE INTRODUCED:**

ITEM-333: Pond 20 and City of Imperial Beach Redevelopment Plan Amendment No. 1 to the Palm Avenue/Commercial Redevelopment Project Area.

(See City Manager Report CMR-01-39; and Report to Council, The Palm Avenue/Commercial Redevelopment Project, Amendment No. 1. Otay-Nestor Community Area. District-2.)

CITY MANAGER'S RECOMMENDATION:

Introduce the following ordinance:

(O-2002-7)

Introduction of an Ordinance transferring Redevelopment authority in approximately 68 acres of property in the City of San Diego, including a portion of Pond 20, to the Imperial Beach Redevelopment Agency;

Incorporating Amendment No. 1 to the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project, including the maps and other reports that are incorporated into the Amended Plan by reference;

Approving the Amended Plan as the Redevelopment Plan for the Amendment Area;

Authorizing the City of Imperial Beach to undertake the redevelopment of San Diego's portions of the Amendment Area, as shown in Exhibit A, in all respects as if the Amendment Area was within the territory of the City of Imperial Beach;

Recognizing that the City Council of the City of Imperial Beach and the Imperial Beach Redevelopment Agency shall have all the rights, powers and privileges with respect to San Diego's portions of the Amendment Area, as if the Amendment Area were within the territory of the City of Imperial Beach;

Declaring that because the City of San Diego is an affected taxing entity as defined in Health and Safety Code Section 33353.2, the Imperial Beach Redevelopment Agency shall pay to the City of San Diego such payments from tax increments actually received from the Amendment Area as described in Health and Safety Code Section 33607.5;

Directing the City Clerk to send a certified copy of this Ordinance to the City Clerk of the City of Imperial Beach.

ADOPTION AGENDA, DISCUSSION, HEARINGS

NOTICED HEARING:

ITEM-334: Reapproving the Issuance of Housing Revenue Bonds for Island Village Apartments.

(See San Diego Housing Commission Report HCR-01-077. Centre City Community Area. District-8.)

SAN DIEGO HOUSING COMMISSION'S RECOMMENDATION:

Adopt the following resolution:

(R-2002-49)

Reapproving the issuance of bonds by the Housing Authority of the City of San Diego not to exceed \$13,000,000 for the Island Village Apartments, approximately 280 units of multifamily rental housing located at 1245 Market Street, pursuant to Section 147(f) of the Internal Revenue Code of 1986.

NOTE: See Item No. 6 on the Housing Authority Agenda of July 17, 2001 for a companion item.

PUBLIC NOTICE

Items are listed on the docket under Public Notice as a matter of public record only. They do not require any Council action.

ITEM-350: **Notice** of Pending Final Map Approval.

Notice is hereby given that the City Engineer has reviewed and will approve on this day the subdivision of land shown on that certain final map entitled “McMillan Torrey Highlands,” a copy of which is available for public viewing at the office of the San Diego City Clerk. Specifically, the City Engineer has caused the map to be examined and has made the following findings:

- (1) The map substantially conforms to the approved tentative map, and any approved alterations thereof and any conditions of approval imposed with said tentative map.
- (2) The map complies with the provisions of the Subdivision Map Act and any local ordinances applicable at the time of approval of the tentative map.
- (3) The map is technically correct.

Said map will be deemed approved and recorded unless a valid appeal is filed. Interested parties will have 10 calendar days from the date of this Council hearing to appeal the above findings of the City Engineer to the City Council. A valid appeal must be filed with the City Clerk no later than 5:00 p.m., 10 calendar days from the date of this notice stating briefly which of the above findings made by the City Engineer was improper or incorrect and the basis for that conclusion. If you have questions about the approval findings or need additional information about the map, please feel free to contact Deputy City Engineer Lee Hennes at (619) 446-5291.

UNFINISHED BUSINESS FROM MONDAY’S MEETING

NON-DOCKET ITEMS

ADJOURNMENT IN HONOR OF APPROPRIATE PARTIES

ADJOURNMENT



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: May 23, 2001 REPORT NO. 01-108

ATTENTION: Land Use and Housing Committee
Agenda of May 30, 2001

SUBJECT: Torrey Highlands Public Facilities Financing Plan and Facilities
Benefit Assessment

REFERENCE: "Torrey Highlands Public Facilities Financing Plan and Facilities
Benefit Assessment, Fiscal Year 2002," May 2001 Draft.

SUMMARY

Issues: 1) Should the Council adopt the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2002? 2) adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Torrey Highlands? 3) adopt a Resolution of Designation? and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands?

Manager's Recommendation: Adopt the four resolutions.

Planning Commission Recommendation: None.

Community Planning Group Recommendation: There is no established planning group in Torrey Highlands. The public facilities financing plan is supported by the developers of the subarea.

Environmental Impact: The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 93-0152 and Mitigation, Monitoring,

and Reporting Program for the Torrey Highlands Subarea Plan, which covers this action. The City Council shall review and consider the previously certified EIR prior to adoption of the Resolution of Intention.

Fiscal Impact: Approval of the PFFP will provide the framework to assure that needed public facilities for Torrey Highlands will be funded by new development and provided as needed.

Code Enforcement Impact: None by this action.

Business Impact Statement: The proposed assessments are substantially higher than the existing development impacts fees, due to substantial estimated cost increases. Failure to assure the required infrastructure would have an adverse impact on the development of the area.

BACKGROUND

On October 22, 1996, the City Council adopted the first public facilities financing plan for Torrey Highlands (Subarea IV of the North City Future Urbanizing Area) pursuant to a phase shift to planned urbanizing. This financing plan adopted development impact fees (DIF) as the basis for funding the required infrastructure. It has not been updated since its first adoption as little development occurred in Torrey Highlands until satisfaction of Phase 1 of the Transportation Phasing Plan in February of this year. The draft FY 2002 Public Facilities Financing Plan proposes to replace the adopted development impact fees in Torrey Highlands with a facilities benefit assessment (FBA).

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Torrey Highlands area which is presently estimated to be by the year 2011. Torrey Highlands is in its earliest stages of development, with most of the community facilities yet to be provided. This plan contains the detail on all of the public infrastructure needed in the area, including information on funding and timing. Many of the projects listed serve the adjacent planning areas, which are jointly contributing to their funding. Details of these joint funding arrangements are outlined in the plan. It should be noted that some of these cost allocations may require adjustment in future updates of all the affected financing plans as development proceeds.

The current draft PFFP for Torrey Highlands identifies total project needs of \$291,012,082, broken down as follows:

<u>Amount</u>	<u>Funding Source</u>	<u>Percentage of Total</u>
\$ 64,555,578	Assessments (FBA)	22.2%
\$ 4,828,955	Subdividers	1.7%
\$221,627,549	Others (i.e. adjacent communities, Caltrans, Transnet)	76.1%

The proposed assessments for Fiscal Year 2002 are as follows:

Single-family dwelling unit	\$ 26,195
Multi-family dwelling unit	\$ 18,337
Local Mixed Use (LMXU) Acre	\$211,397
Commercial Acre	\$157,958
Limited Commercial Acre	\$ 46,890
Employment Center Acre	\$140,931
Institutional Acre	\$ 39,293

The proposed assessments for Fiscal Year 2002 are based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 5 percent to the year of construction. It also takes into account cash on hand using a 5 percent interest rate. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when programmed.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Torrey Highlands that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2002 Assessments also be adopted as Development Impact Fees for Torrey Highlands. The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into special interest earning accounts for Torrey Highlands. Annually the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all property owners within the proposed area of designation of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property

proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned. A letter advising of today's meeting was mailed to all property owners as shown on the proposed assessment roll, or otherwise known to staff.

ALTERNATIVES

Do not approve the proposed Public Facilities Financing Plan and Facilities Benefit Assessment or the setting of Development Impact Fees. This is not recommended because the new fees will insure that new development contributes its proportional share for new facilities identified in the community plan. In the absence of these fees, alternative sources would have to be identified to fund the share of the identified facilities attributable to new development.

Respectfully submitted,

S. Gail Goldberg
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

GOLDBERG/GH

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: 1. Draft FY 2002 Torrey Highlands Public Facilities Financing Plan, May 2001